# CSR BULLETIN FOR THE ICT SECTOR

## PROGRESS REPORT FROM INDIA: NEWS SUMMARY

***This section of the bulletin provides a summary of developments taking place in the Information & Communications Technology (ICT) sector in India and also offers insights into events that are shaping the direction of this sector.***

## …ON ITES

### OVERCOMING OBSTACLES TO MANUFACTURING

http://www.mckinseyquarterly.com

India leads the market in offshored back-office services, but as a manufacturing center it lags behind China, Thailand, and the rest of Asia. The reasons are well documented: multinational companies operating in India must overcome erratic electricity supplies, poor roads, and gridlocked seaports and airports while contending with government policies that discourage hiring and hold back domestic demand for goods in many sectors. Such obstacles can be considerable, but they have not stopped some multinational manufacturers from setting up shop in India. All operate in skill-intensive industries requiring advanced technical expertise—areas in which India is likely to become a primary sourcing and manufacturing base. Some Fortune 100 companies already source and manufacture electrical and electronic products in India. They confirm that their Indian operations, though small, reach or exceed global cost and productivity benchmarks. ▪

### CALL CENTER PROFESSIONALS FORM TRADE UNION

http://www.thehindu.com/2006/01/26/stories/2006012617190400.htm

HYDERABAD: Call it industry maturity or simply `enabling.' Seven call center professionals from different cities, working in various companies have filed an application with the Registrar of Trade Unions to form the first trade union for ITES professionals, the Union for ITES Professionals (UNITES). Headquartered in Bangalore, this new set-up has found members working in Bangalore, Hyderabad, Delhi, Tiruvananthapuram, Kochi and Mumbai from companies including HSBC, ABN AMRO India, Sitel, Wipro, Spectramind, and Teledata Informatics. UNITES will be soon affiliated with the Indian National Trade Union Congress (INTUC). With recognition from the International Labor Organization (ILO) already underway, the union will organize call center professionals in six chapters in various cities through meetings, workshops, and pamphlets. An eight-member national executive committee of UNITES has been formed with P.P Naidu, an HSBC Hyderabad call center employee, as President. ▪

### TABLE OF CONTENTS



***About ASK-Verité***

Founded in 1992, the **Association for Stimulating Know-How (ASK)** is one of the few non-profit organizations in India working extensively in the field of corporate social responsibility. ASK functions as the South Asia Regional Program Office for Verité, undertaking social audits and research on CSR issues and facilitating factory-level remediation and trainings. ASK also supports programs as diverse as finding alternatives for child laborers in the brass industry in India, and working with indigenous communities in rural South Asia. **www.askindia.org**

**V - 30 / 3 DLF Phase III Gurgaon**
**Haryana – 122002 India**
**(t) 0091-124-4060353**
**ask@askindia.org**

**Verité** is an independent, non-profit social auditing, research, and training organization based in Amherst, Massachusetts, USA. Founded in 1995, the organization helps to improve the lives of workers and assists the corporations that employ these workers to better balance profitability with social responsibility. Verité provides social audits, factory remediation, corporate training, labor research, and worker education in over 60 countries worldwide. **www.verite.org**

**44 Belchertown Road**
**Amherst, MA USA 01002**
**(t) 001-413-253-9227**
**verite@verite.org**

The **ASK-Verité** partnership undertakes research and capacity building programs focused on India to improve working conditions. We also collaborate to build capacity among corporations globally to assess and remediate factory-level labor problems.

### GENPACT TO GO ABROAD, HIRE 3000

http://economictimes.indiatimes.com/articleshow/1469342.cms

NEW DELHI: BPO major Genpact will set up two global service delivery centers in 2006 for which it will hire 3000 professionals. "We will set up two centers in Poland and the Philippines this calendar year where we will employ 1,500 people each." Riding on these expansion plans and other strategies, the company formerly known as GE Capital International Services said it is targeting a 26 percent jump in its revenue for 2006 to 615 million rupees. ▪

### INDIAN CALL CENTER STAFF FED UP WITH RACIST ABUSE

http://www.theage.com.au/news/national/indian-call-centre-staff-fed-up-with-racist-abuse/2006/03/ 19/1142703219189.html

Worn down by racist abuse and sexual harassment from angry Western customers Indian call center workers are lobbying to have repeat offenders barred and complaints lodged with local police around the world. The problem has become so severe that countless workers have resigned; the remaining workers are being forced to extend their shifts to 12 and 13 hours per day to compensate. Although a call center worker in India earns about $70 a week — twice as much as most professionals in a nation suffering chronic underemployment — up to 60 percent leave their jobs each year. "The Indians seem to be the villains in the entire piece but it is not the Indians taking away jobs from Australia, England, and the U.S. It is their own industrialists and multinationals who decide where the cheapest labor is available. Today it is India, tomorrow it might be the Philippines, South Africa, or China," said Vinod Shetty, secretary of the newly formed Young Professionals Collective and a labor lawyer. ▪

## PRACTICING THE PRINCIPLES

***by Ranjit Narasimhan***
President & CEO HCL Technologies Ltd. - BPO Services

The history of social and environmental concern about business is as old as trade and business itself. For example, commercial logging operations, together with laws to protect forests, can both be traced back almost 5,000 years. In Ancient Mesopotamia around 1700 BC, King Hammurabi introduced a code in which builders, innkeepers, or farmers were put to death if their negligence caused the death of others or major inconvenience to local citizens. In Ancient Rome, senators grumbled about the failure of businesses to contribute sufficient taxes to fund their military campaigns. In 1622 disgruntled shareholders in the Dutch East India Company used pamphlets to complain about management secrecy and self enrichment.

Today, socially responsible companies take into account their impact on the communities and environments in which they operate, as well as the impact on their own employees and consumers. They use this information when making decisions thereby balancing stake holders' needs with corporate need to make a profit. Many practice corporate social responsibility in some form, and all leading industry associations have made CSR an important part of their agendas.

**HCL - Reversing the Trend**

As the business of outsourcing has boomed, the transfer of service jobs, particularly call centers and software, to low-cost providers in India emerged as a hot-button issue in the UK. As employees, unions, and consumers voiced anger and concern over the loss of domestic jobs, one company after other announced new ventures in India, and the trend shows no indication of slowing. BT is one of the companies participating in the practice known as 'offshoring'; yet BT has made a public commitment to corporate social responsibility. The question is: can 'offshoring' and corporate social responsibility coincide? The migration of jobs from high-cost to low-cost areas is not new, but its impact on service sector jobs, both in terms of scale and public debate, is a recent occurrence. Media coverage and labor union campaigning have attracted public attention in the UK and U.S., raising concerns about the ethics of the practice as well as its short- and long-term consequences.

HCL is a socially responsible organization and is very aware of the possible repercussions of business engagements related to outsourcing. One such example is HCL's relationship with BT. At the onset of the engagement, BT made the commitment that none of its employees would suffer involuntary redundancy, and that anyone interested would be given assistance in retraining, finding a new position within BT, or finding a position elsewhere.

HCL reversed the trend when it acquired the Apollo Contact Center from BT in Northern Ireland by making the entity a wholly owned subsidiary. This case of reverse investment into the UK from India creates a significant local employment opportunity which was further enhanced by the acquisition of additional capacity and upgrade of existing facilities. In fact, the sustained rate of growth recorded over the years in Northern Ireland necessitated the acquisition of a second delivery Center.

In December 2004, HCL took control of another contact centre in Armagh, Northern Ireland, and became the largest business process outsourcing (BPO) firm in the region. The Armagh-based company, Answercall Direct, had been in decline after the loss of a major contract and was going into receivership. With the take over, HCL ensured the safeguarding of 140 jobs and added an additional 200 employees to its database. Recently, Prime Minister Tony Blair announced that 600 new jobs would be created in Armagh and Belfast. Speaking on the occasion, Shiv Nadar, Founder of HCL, Chairman and CEO of HCL Technologies, said, "We invested in Northern Ireland with our partners BT Plc in 2001 in an act of faith backing our instincts and strategy, and that of our partner. We are proud of what this operation has demonstrated not only for HCL but also for the entire NI and UK community in adding value locally by being part of a global strategy."

A brochure produced by Invest Northern Ireland, a government agency states, "While growing numbers of UK- and U.S.-based companies are relocating their customer care operations to India, ironically it is an Indian company that is bucking the trend by helping to

**continued on following page**

### BPOs, Security Agencies, Police Come Together to Ensure Employee Safety

http://www.financialexpress.com/fe_full_story.php?content_id=113277

NEW DELHI: The Gurgaon and Delhi Police, the Call Center Association of India (CCAI), and private security agencies received a wake up call regarding the rape and murder of a 24-year-old Bangalore based BPO employee by the driver of the vehicle she boarded for her workplace. These groups immediately drew up an action plan for employee security and unanimously accepted installation of speed controllers and vehicle-tracking systems, along with display of phone numbers for police control rooms and companies in all cabs. The delegates also agreed to pre-employment screening of all vendors, including drivers, and also agreed to share digitized records and radio frequency with police. Attending the meeting were senior management of all leading BPOs and call centers including Genpact, Convergys, IBM Daksh, Hero ITES, Vertex, Keane Worldzen, Evalueserve, and WNS; members of the CCAI; security agencies including Group 4, Peregrine, Sentinels, Force Tech, and Walson Securities; and the Gurgaon and Delhi Police. ▪

### Female BPO Staff Get Karate Crash Course

http://timesofindia.indiatimes.com/articleshow/1410984.cms

BANGALORE: After the tragic murder of a BPO employee in Bangalore in December 2005, several suggestions to prevent the recurrence of such incidents were put forth. iGate, a technology and information firm, believes that self-defense is essential and is taking measures to assist its employees in handling any situation. In order to ensure the safety of its female employees, iGate has initiated a self-defense program in which female employees are trained to cope with a variety of situations such as sexual harassment and robbery. ▪

**continued from previous page**

keep contact center jobs in the UK." Today HCL is among the Top 10 Private Sector NI Employers and among the Top 10 UK Outsourcers.

On the home front, the business of outsourcing is viewed as a positive trend in India; one that brings in jobs and opportunities to a country that is home to one-sixth of the world's population. This industry provides opportunities to a large number of university graduates each year. Although just 5% of Indians are proficient in English, in a country of more than one billion people this still represents a labor pool of more than 50 million people. For these employees a call center profession is not just a temporary job, but a career to which they are committed. Besides direct employment, the Industry also generates indirect employment across various sectors.

### Recommendations for Implementing CSR

NASSCOM Foundation recently initiated a study on Corporate Social Responsibility and its importance for member companies. According to the findings, CSR manifests itself in a variety of ways. For some companies in the study it was synonymous with corporate philanthropy. For others it meant an alignment of business operations with social values. Yet for others CSR was about operating in a manner that had positive impact on stakeholders.

In order to make CSR a more meaningful activity for its member companies, NASSCOM suggests:

- CSR initiatives need to become more strategic and aligned with the core business interests of organizations.
- Companies need to review all activities that could be classified under CSR to identify the stakeholders they addressed, how strategic they were and the impact they would have.
- Companies need to have a greater awareness about some of the broad global CSR standards and guidelines that help develop policies, toolkits, systems and processes to boost the CSR cause.
- Companies need to set up a support infrastructure within their domains or work with external intermediaries to lead the process and play the role of CSR mentors.

In its final analysis, the study indicated that by and large member companies give serious thought to CSR and implement strategies that lift up society through its impact on the financially and physically challenged citizens of the nation. ▪

## Global CSR Trends in the ICT Sector

**by Shawn MacDonald**
Senior Program Advisor, Verité

The global media attention in recent months on corporate social responsibility (CSR) in the ICT sector has been as fast and furious as the race to produce smaller, faster microchips. For the past two decades, the sector enjoyed largely positive attention for its technological marvels and spawned upbeat accounts of how developing countries are increasing and diversifying income by manufacturing and using ICT products. Yet, it was only a matter of time before the irony kicked in. The more the ICT sector enables people around the world to communicate and work together, the more it also facilitates the exposure and distribution of stories and images of the labor and environmental problems sometimes hidden beneath the sleek optimism usually associated with this sector.

The daily barrage of stories shows how daunting the social and environmental challenges can be. There are accusations of sweatshop-like conditions in electronics manufacturing plants; political storms over jobs outsourced to low wage countries; controversies over the use of sophisticated software programs for government repression; and the dilemma of safe disposal of the world's mounting collection of electronic waste. An important part of this dynamic is that as the ICT sector has risen dramatically, so has the movement for corporate social accountability. ICT companies are faced with more sophisticated demands to have positive (not just less negative) impact on the labor, environmental, and larger social conditions. In an age when companies are routinely expected to take more responsibility for the labor, environmental, and other social impacts of their business activities, the emergence of a more complex, dynamic, and diverse sector like ICT should not come as a surprise.

**continued on following page**

### BPOs Should Adopt Best HR Practices

http://news.indiainfo.com/2005/12/20/2012bpo-hr-practices-police-chief.html

BANGALORE: In the wake of a gruesome murder of a female BPO employee, Bangalore police are calling for BPO firms to take immediate action. "Without waiting for any Government notification or conditions imposed by the police, the BPO companies should put the best HR practices in place ensuring safety and security of their employees," city Police Commissioner, Ajay Kumar Singh said during an interactive meet with BPO managers on safety of call center employees. All BPO and IT companies must have Global Positioning System (GPS) in their transport vehicles, Singh told the meeting, coming within days of the rape and murder of 24-year old Prathiba Srikanth Murthy by the driver of the vehicle she boarded for her workplace. ▪

## Glossary

**ASK** : Association for Stimulating Know-How
**BPO** : Business Process Outsourcing
**CEO** : Chief Executive Officer
**CSR** : Corporate Social Responsibility
**EICC** : Electronic Industry Code of Conduct
**E-waste** : Electronic Waste
**HR** : Human Resources
**ICFTU** : International Confederation of Free Trade Unions
**ICT**: Information and Communications Technology
**IT** : Information Technology
**ITES** : Information Technology Enabled Services
**KBI** : Knowledge Based Industries
**NGO** : Non-governmental Organization
**WEEE** : Waste from Electrical and Electronic Equipment

**continued from previous page**

Among the flood of attention on the ICT sector, one item stands out for comprehensively capturing the challenging dynamics of the CSR situation for the sector. A recent article by Covalence, the Swiss firm known for tracking the ethical reputation of multinationals, covers the results of research into the technology sector. The Covalence report summarizes the past six years of media attention on the technology hardware sector, analyzing the nature and ratio of positive and negative stories about leading companies such as Hewlett-Packard, Intel, IBM, Nokia, Ricoh, Toshiba, and Cisco Systems. What is most interesting about the report is how it summarizes the breadth of social challenges that face the ICT sector, distinguishing it from nearly every other major business sector for the sheer number and complexity of the issues.

Compared to the garment sector, which is primarily held accountable for supply chain labor problems, the ICT sector must deal not only with accusations of labor abuses in its rapidly expanding global supply chain, but also with more severe environmental problems for both workers inside and communities surrounding manufacturing plants. Few other sectors are held accountable for the end-stage disposal of their products, as the ICT sector now faces in the challenge of e-waste. The pharmaceutical sector faces scrutiny and controversy on licensing and use of its products, but the ICT faces an arguably more stark values conflict over the use of Internet and software technology by repressive governments to censor information and track down opponents. The ICT sector is also the prime target of criticism in stories and debates over the loss of both manufacturing and professional jobs in Northern countries to low wage countries of the global South, such as India and the Philippines. Finally, despite the many positive advantages of ICT products and the sector, such as job creation and productivity improvement, the fact remains that these advances also serve to highlight how much of the world is left out of the advances – the so-called “digital divide.” This too is seen as a problem that ICT sector companies are expected to help tackle.

While it is unrealistic to expect companies and countries to welcome the increased scrutiny detailed in the Covalence report there is an opportunity in it. The ICT sector is being given the chance to prove itself as creative and forward-thinking in its approach to social issues as it is in inventing new products and services. Indeed, the sector finds itself drawn into the corporate social responsibility (CSR) universe at a time when CSR advocates are increasingly calling on companies to take a more proactive role in using their products, skills, networks, and other resources to tackle social problems head-on rather than only through philanthropic contributions and clumsy regulatory approaches.

The Covalence report also tracks the positive media items, attempting to determine whether the good news outweighs the bad. Covalence researchers found many stories about redesigning products to be more eco-friendly, tracking and reporting company social impacts, training programs to bridge the “digital divide,” and the like. This shows that the ICT sector is engaging substantively, though not necessarily adequately, in the full range of arenas in which their critics seek improvements. No matter how many positive stories of CSR engagement found by Covalence, the fact remains that many challenges are not solvable by the usual sort of CSR programs such as the question of how companies do business in a country like China. No amount of community improvement programs can overcome criticism of helping a repressive government quell dissent or contracting with companies engaging in abusive labor practices.

Stepping back from the numerical tracking of positive and negative media reports by Covalence, CSR analysts are likely to identify the Electronic Industry Code of Conduct (EICC) as the most significant force in the sector’s current and future CSR situation. Whether or not the EICC is robustly implemented to the point of having genuine positive impact on labor and environmental conditions across the many countries active in manufacturing will be the real test of the ICT sector’s CSR credentials. Analysts are looking closely at whether the EICC – whose creation and adoption by most of the world’s key ICT companies was met with much positive comment and high expectations – will be rolled out comprehensively so that its principles have more than superficial impact on workforce dynamics and sourcing policies. Furthermore, there is much attention on whether EICC activities will be adequately verified and persuasively communicated to the public so that consumers, civil society, governments, and companies together create a dynamic whereby the best practices in labor and environment will be rewarded by all. In the end, this is the real CSR challenge for the ICT and other business sectors: making sustainable changes in workplace conditions in a way that such efforts are themselves sustainable in the marketplace. ▪

## …On E-waste

### Managing E-waste Better: Voluntary Initiatives Are Imperative

**by S.Vaideeswaran**
from Ecoworks Consulting Private Limited, a Bangalore based firm

India's economy has been strengthening and this trend is expected to continue in the years to come. The electronics sector in general, and the IT sector in particular, is an integral part of this economic growth. At the same time this growth has also resulted in a rapid increase in the use and disposal of electronic products. As a result, huge quantities of electronic waste (e-waste) have been generated. While the focus has been on growing the electronics sector and fuelling economy-wide growth, there has been little or no attention on issues related to the resulting problem of e-waste management.
To appreciate the e-waste problem one must first understand that there are three important stakeholders in the e-waste lifecycle: the electronic product manufacturers, the users, and the recovery recyclers. These stakeholders are the major generators of e-waste.

- The product manufacturers (IT, mobiles, televisions, and other electrical and electronic products) generate e-waste at the time of manufacture and assembly.
- The users, including companies of all sizes, commercial businesses, and home installations, all generate e-waste whenever they upgrade or change their electronic products.
- The recovery recyclers, who are primarily in the informal sector, extract as much e-waste as possible for reuse or recovery and are then forced to discard the rest.

It is important to note that the recovery recyclers are primarily in the informal sector. Their methods, processes, and disposal methods are not environmentally or socially responsible. On one side, we have the electronics sector boom which is taking certain sections of the populace to new economic heights. On the other side, there is another section of the populace which has to bear the effects of poor working conditions, health impacts, and instances of child labor that are common in the informal sector.

Very recently, regulatory initiatives have been undertaken to address the e-waste problem. As a start, guidelines are being developed with rules and acts to follow. Unfortunately, effectiveness of these regulatory initiatives does not look promising. Enforcement will continue to be a problem as it has been in the case of other similar regulatory initiatives such as MSW Management Rules and the Biomedical Waste Management Rules. This means that regulation alone will not be sufficient in addressing the growing e-waste problem. Voluntary corporate initiatives such as corporate social responsibility (CSR) are likely to be more effective in addressing the mounting e-waste problem.

Regulatory initiatives will most likely include these important stakeholders, i.e. manufacturers, users, and recovery recyclers. However, there are so many stakeholders that regulatory enforcement in a country as large as India will be a formidable task. On the other hand, if companies take responsibility for e-waste management, there is a much better chance that India can effectively address this problem. There are some simple voluntary initiatives that companies should undertake. Some of these initiatives are described in the following section, along with the reasoning for these actions.

**Segregate hazardous wastes upfront**
Not all e-waste is hazardous or creates environmental, health, and safety problems. As only a small proportion is hazardous, segregating the hazardous from the non-hazardous should be undertaken close to the point of generation, where manufacturers and users, can play an important role. Using technical information on the actual contents of different electronic products, companies should store hazardous e-wastes separately and take greater precaution in discarding them so as to not contaminate the non-hazardous waste. If the companies have an EMS this should be systematized and streamlined through proper operational control. By separating e-waste, companies will be doing a noteworthy service of reducing the quantity of hazardous e-waste that goes to the open market.

**continued on following page**

### Is Chennai an E-waste Hub?

http://www.hindu.com/2006/02/24/stories/2006022419110400.htm

CHENNAI: Ever wonder what happened to that old computer monitor you disposed of when replacing it with the latest LCD model? Chances are it found its way to a recycle vendor in North Chennai. Where, despite efforts to extract copper using crude methods, most components end up in dumping grounds causing pollution. Speakers at a seminar on "e-waste" organized by the C.P.R. Environmental Education Centre pointed out that more than 80 percent of the e-waste generated in developed countries finds its way to China, India and Pakistan. With the decreasing shelf life of electronic product, experts pointed out that there is an urgent need to address the issue of e-waste. State governments and local bodies that handle solid waste must look at setting up a separate process chain for e-waste. ▪

### E-waste Posing Health Hazard

http://www.thehindu.com/2006/03/20/stories/2006032019210400.htm

BANGALORE: Waste from computer and other electric hardware may be polluting more than the atmosphere. It can have serious repercussions for those in proximity to places where e-waste is recycled or burnt. According to industry sources, Bangalore may be generating 10,000 to 15,000 tons of e-waste every month. Along with discarded obsolete hardware, many Western countries are selling off their e-waste as scrap and some of this reaches scrap dealers in this city. Metal components and some of the outer casings are resold, while the remaining components are haphazardly dumped. ▪

continued from previous page

**Sell e-waste based on the buyers' environmental ethics, not on the best price offered**

E-waste from manufacturers and users go to the recovery recyclers either directly or through intermediaries. Usually manufacturers and users sell their e-waste on the basis of who offers the best price and not on the basis of whose recovery recycling is done in an environmentally or socially sound manner. The informal sector is able to pay a higher price than an authorized formal recycler, who incurs higher costs due to the technology, operation, and maintenance practices that are demanded of them. This is where the problem is created; and the scrap or waste disposal functions of a company are responsible. The costs and this state of mind make it impossible for the informal recovery recycler to perform in a responsible manner, and society bears the brunt of the impact. These impacts include examples such as disposal of hazardous waste in municipal dust bins and release of toxic effluent into the municipal sewers and sewage treatment plants that do not have the capacity to treat these toxins.

To avoid this problem, action needs to be taken when the manufacturers and users discard their e-waste; they should sell their e-waste only to authorized recovery recyclers. This will mean that they will not make as much money through the sale of e-waste as they are presently making; however, this is not their main revenue source, and these additional revenues are miniscule in comparison to their primary revenues. By insisting on selling to authorized recovery recyclers, the problems caused by the ongoing e-waste management practices will be greatly reduced.

**Facilitating e-waste collection**

There is no formal collection system for e-waste. Such a system would help bring together e-waste that is generated by small users such as commercial businesses and home installations. The electronic sector has large and medium-sized companies that are uniquely positioned to establish collection centers for e-waste. For instance, in many trade fairs and conferences, a collection center could be established for participants to bring in and drop off their e-waste. Such a collection system will be useful for the formal e-waste recyclers to streamline sourcing their raw material. Given that the formal e-waste recyclers in the country are small companies, they need the support and co-operation of the large and medium-sized companies in the electronic sector to make such collection centers feasible.

**CSR to focus on e-waste management**

Most large and many medium-sized companies are involved with corporate social responsibility (CSR). With the electronic sector doing phenomenally well, the CSR budgets are significant. Companies have selected one or a few development goals to pursue, and are actively engaged in specific activities. Given that e-waste is an issue that is part-and-parcel of the electronic sector, one would expect companies in this sector to take on formal streamlining of e-waste management as one of their CSR activities. Unfortunately, that is not the case. With the present trend to align CSR activities to the company's own initiatives, there is a strong case for companies in the electronics sector to focus on e-waste management as a CSR issue.

All of these voluntary initiatives will go a long way in addressing the e-waste management issues in India. It is imperative that these voluntary programs occur in parallel to regulatory initiatives that are presently underway. As enforcement in a large country is likely to remain an issue for the foreseeable future, voluntary initiatives play a crucial role in making e-waste management effective in India. ▪

**(For information on the e-waste supply chain, please see page 10 for the ASK-Verite "Profile and Issues of E-waste Collectors in Delhi")**

### COMPUTER MYTHS: THE STORY OF SCRAP

http://incommunicado.info/node/219

'Are you as the customer ready to foot the extra bill? Why should the manufacturing sector alone be made the scapegoat for all the evils that emanate from e-waste? If computers and other electronic items are so bad, why don't you stop using the same altogether?' asks Vinnie Mehta, Executive Director of the Manufacturers Association for Information and Technology. The computers we use on our desktops are truly global devices. Built using cutting edge technologies in their displays, chips, memories, storage devices, and multilayered circuit boards they represent the art and science of the possible in today's world. Mobile phones, IPODs, music sticks are similar. While these are the technologies of the future, they also contain toxins from the past. A single computer can contain over 50 highly toxic metals and compounds, in the over 1000 materials used in production. All of these toxic materials may be released as the computer is disposed of. Where do used computers and other electronic items land? Unfortunately they end up in Africa, India, and China. ▪

## …ON IT SOFTWARE

### NASSCOM TO ACT AS CATALYST FOR INDIA'S DEVELOPMENT

http://www.ciol.com/content/news/Nasscom/2006/106021702.asp

MUMBAI: NASSCOM could function as a catalyst to bring IT companies together, furthering the cause of corporate social responsibility and focusing the attention of the IT sector on the social arena. Speaking on 'ICT for Development' at the 2006 India Leadership Forum, NASSCOM's President, Kiran Karnik, pointed at the bigger role technology has to play in the development in India. He said the IT industry will have to focus on areas including primary education, health, and livelihood where technology can play a big role in changing the lives of many people. Karnik also noted that the IT industry employs the largest number of youth who have the potential to make a huge impact on society. ▪

### ICT Policy and the Rural Poor: Infrastructure and Initiatives

http://www.i4donline.net/issue/jan04/infrastructure_full.htm

India now has a population of over 1 billion people, of whom approximately 40% subsist below the poverty line and approximately 70% live in rural areas. Much of the rural population does not have access to common infrastructure like connectivity, electricity, health, and drinking water, and many end up migrating to the cities. There have been debates on the role of Information and Communication Technology (ICT) in developing a connectivity backbone in rural India to address the urban-rural divide. ICT has been recognized as an infrastructure in developed countries and its use has shown the path to rapid socio-economic development. However, in developing countries such as India, ICT interventions are still being conceptualized. Many pilot projects are isolated experiments and a strategy to accelerate the process has yet to be formulated. ▪

### Towards a Knowledge Society

http://www.indiatogether.org/opinions/ictdiary.htm

The preliminary experience of rural connectivity projects in different parts of India demonstrate that rural communities of South Asia do not and will not use information and communication in the same ways as industrialized nations elsewhere in the world. In order to find ways for emerging technologies to truly benefit, these groups we must invent and innovate from the ground up, working always in partnership and dialogue with local communities. Far from replicating the online behavior of highly connected and cosmopolitan societies in North America, Europe, or South East Asia, digital development in India requires the design of products, services, and technologies that solve very local problems and ameliorate local socioeconomic conditions. ▪

### Intel, Microsoft Forge Strategic Tie Up

http://economictimes.indiatimes.com/articleshow/msid-1458772,prtpage-1.cms

NEW DELHI: Intel India and Microsoft Corporation India have forged an “affordability alliance” aimed at bridging the digital divide in India. Under this initiative, the two companies will innovate to create affordable computing solutions and will ensure easy and wider availability of affordable PCs across the country by driving synergies in sales and marketing across diverse customer segments. The alliance seeks to build on the success of their existing and individual initiatives such as the government-assisted PC program and the student PC program. The two have identified innovative financing as the key to spreading the use of computers, including telecom connectivity. ▪

## …On Hardware and Manufacturing

*Vinnie Mehta has been involved in the promotion of the information technology industry in India since 1992. The Manufacturers' Association for Information Technology (MAIT), the apex body of the ICT Industry in India, is actively involved in setting the direction and policy framework for the growth and development of the ICT industry. Vinnie Mehta has contributed significantly to India's National Information Infrastructure (NII) program. He has also worked extensively with the state governments of Andhra Pradesh, Tamil Nadu, Karnataka, Punjab, and Uttar Pradesh in organizing their ICT policies. He spoke exclusively to ASK-Verité on issues pertaining to the ICT sector, with a special focus on the electronic hardware sector and e-waste. The following is from the ASK-Verité interview with Mr. Mehta.*

**Vinnie Mehta, Executive Director, MAIT**

**About Draft Legislation on E-waste Management**

The draft legislation is an outcome of the efforts made to address the need to deal with the issue of e-waste management more seriously. The legislation is modeled on the medical waste management model. The hardware industry, public representatives, representatives of the civil society, NGOs, and the government are just some of the stakeholders in this legislation.

In India, the central agency for e-waste management is the Central Pollution Control Board (CPCB). The respective state pollution control boards, such as the Karnataka Pollution Control Board, have been closely working with the agencies like ELCINA (Electronic Industries Association of India), MAIT, CETMA (Consumer Electronics and TV Manufacturers Association), and GTZ (Deutsche Gesellschaft fuer Technische Zusammenheit- Society for Technical Cooperation), on the issue of e-waste management. MAIT has played a crucial role in involving different stakeholders in the issue. Approximately two years ago, there was a very little knowledge or awareness of the issue of e-waste, as studies and research reports did not focus on this topic. MAIT consciously took a stand in requesting that the industry take responsibility for the issues of e-waste and its management. MAIT has been instrumental in working on the entire spectrum of these issues. Raising the issues of e-waste with each stakeholder, MAIT has commanded an approach that seeks a comprehensive and holistic solution. Moreover, the dynamics of the business itself call for more customized treatment of the issue by each stakeholder.

**Challenges and Actions to Resolve the Issues of E-waste**

- the entire collection system of e-waste and its informal economy and unorganized nature
- forty percent of the business in the electronic hardware sector is considered to be a part of the ‘unorganized’ sector

**continued on previous page**

**continued from previous page**

- enabling the handling of e-waste in the informal recycling process
- exploring and creating employment in the electronic hardware sector, such as e-waste management
- best business practices need to be promoted within companies
- policy changes and implementation of these changes

Due to the challenging nature of the issues within the electronic hardware sector in general, and the issues with e-waste in particular, MAIT has been assisting stakeholders in finding effective methods of addressing these issues.

**Some Other Efforts**

The Ministry of Environment and Forestry has been highly supportive of the e-waste legislation. It has adopted the process of Regulatory Impact Assessment (RIA), which has already been implemented by OECD countries. RIA is a process that ensures the involvement of each stakeholder. The role of this legislation is to act as a regulatory mechanism with a set of guidelines rather than a facilitative mechanism.

**E-waste Scenario in the Present Context**

Little concrete data is available on the magnitude of the issue of e-waste in the electronic hardware sector, as the current data is both conflicting and unclear. These issues are being approached without a broad framework and with various methodologies. However, a few initiatives, such as E-parisara in Karnatka and a similar agency in Maharashtra, have been commissioned for this purpose. The need for a nationwide study to measure and assess the situation of e-waste is ever-growing. MAIT recommends that this comprehensive study be undertaken.

**The Social Responsibility Issues of the Sector**

Unlike the software sector, with companies in set areas, the electronic hardware sector covers vast geographical areas. Subsequently, the ensuing social responsibility issues should be viewed with this in mind.

**About Restrictions on Hazardous Substances (RoHS)**

The majority of the countries compliant with the EU directives on RoHS are located in Europe. RoHS sets a limit on the use of toxic substances, such as barium, cadmium, lead, mercury, etc., in hardware processes. However, observing the RoHS directives in India should be considered to be a trade issue rather than only a compliance issue as compliance with RoHS has a direct effect on production costs.

**Suggestions**

The issues of e-waste in India must be viewed in light of the current situation within the country. Industry can support the government initiatives with regard to e-waste; however, the government must facilitate a strong and supportive framework. The training of the e-waste recyclers is crucial to build their capacities to handle the e-waste and those involved in the recycling process should be mindful of the environmental impact. All stakeholders need to be aware of their individual strengths and weaknesses and act on these issues accordingly.

# GLOBAL BYTES

***This section contains news and views from around the world in order to see the emerging trends, and enhance the global perspectives regarding ICT.***

### STORMS ON THE HORIZON FOR INDIA'S OFFSHORING INDUSTRY

www.mckinseyquarterly.com

India must produce more top-quality engineers, in addition to showing the world the depth and quality of its talent in other fields and in cities beyond Bangalore and Mumbai. India's offshoring sector is dominated by IT services, which play a major role in the country's overall economic growth. Yet clouds are gathering on the offshore horizon. Research by the McKinsey Global Institute (MGI) shows that India's vast supply of graduates is smaller than it seems once their suitability for employment by multinational companies is considered. India's leaders have to ensure that companies hunting for an offshoring location do not turn to other countries; the government must not only adjust the country's educational policies to ward off the looming squeeze on talent but also invest more money in infrastructure. Private investment in air-conditioned offices, apartments, and shopping malls in offshoring centers has not been matched by public investment in airports, roads, and utilities—improvements needed to enable millions of people to live and work more efficiently. ▪

### Hope and Toil at India's Call Centers

http://www.washingtonpost.com

As fireworks boomed across New Delhi and families lit candles and prayed late into the evening, thousands of call-center agents reported to work. Donning headsets and fake American names, they placed and fielded phone calls to and from the United States, collecting bills, selling products, and raising credit limits. The Indian twenty-somethings laboring in call centers not only work together, they also drink together, dance together, date one another, and most importantly, understand one another. But not everyone rejoices at these new employment opportunities. Citing low pay and dead-end jobs, India's most popular news portal declared recently that call centers have more cons than pros. Observers say the debate over call centers stems from longer-term changes in Indian society since the nation's economy opened up in 1991. Older Indians lament that their children are too busy, with no time for weddings, holidays, or relatives. ▪

### Microsoft Revises Policy on Shutting Blogs after China Backlash

http://www.forbes.com/markets/feeds/afx/2006/02/01/afx2490270.html

Microsoft Corp revised its policy on deleting web logs (blogs) following a public relations backlash after a Chinese web blog hosted on its MSN Spaces service was shut down by the company late last year after it received a request from Beijing. The company said it will block access to sites in a country where a problem arises rather than deleting a blog outright. The company also said they were committed to blogging as a vehicle for sharing information and ideas and outlined policy framework that would guide Microsoft in dealing with government orders related to blog content. Microsoft will remove access to blog content only when it receives a legally binding notice from a government indicating the material violates local laws or if the content violates MSN's terms of use. Microsoft will remove access to content only in a country issuing the order. Microsoft's rivals Google Inc and Yahoo! Inc also faced negative publicity for censoring information in China and turning over to the government details of service users. Google last week launched a Chinese version of its search engine that does not provide results that are considered sensitive by the government. Yahoo! last year provided the government with user details that contributed to the jailing of Chinese journalist for leaking so-called 'state secrets'. ▪

### SOMO Research Finds Violations in Computer Factories

http://www.somo.nl/index_eng.php

Poor working conditions exist in factories owned by subcontractors for Acer and Fujitsu Siemens Computers. Employees work long days in an unhealthy environment for a wage that is insufficient to live on. Such is the situation revealed in research conducted by the Centre for Research on Multinational Corporations (SOMO) in the ICT hardware sector. SOMO conducted research in nine factories in China and the Philippines that supply parts for Acer and Fujitsu Siemens Computers. SOMO researcher Esther de Haan explains, "employees in China and the Philippines work 70 to 84 hours per week and, even in the best cases, rarely have a day off. Salaries are not sufficient to cover even the basic cost of living, and there is inadequate compensation for overtime work. Acer and Fujitsu Siemens Computers allow their products to be manufactured in these factories, but they do not take responsibility for the poor working conditions nor do they take appropriate measures to improve the situation." ▪

### Flagrant Disregard for Union Rights

http://www.icftu.org/displaydocument.asp?Index=991223279&Language=EN

A new ICFTU report on core labor standards in Malaysia finds serious shortcomings in the application and enforcement of core labor standards, in particular with regard to trade union rights and discrimination against migrant workers. The entire electronics industry was designated a "pioneer industry" back in the 1970s, making it a union free sector. Although the pioneer status lapsed after 10 years, national unions are still not allowed to register. Only in-house unions exist, thus denying more than 100,000 workers, mainly women, a viable and strong trade union. This continued denial of effective industrial unions has kept wage levels low and working conditions inferior. The multinational companies dominating the electronics industry have been using their power constantly to resist union recognition. ▪

### Technology Industry's Ethical Challenges: A Study Published By Covalence

http://www.covalence.ch/docs/PressMaterial.doc

Geneva-based Covalence published a study on how multinational companies tackle ethical challenges in the Technology Hardware industry. Twenty-nine companies are analyzed in terms of positive and negative news affecting their ethical reputation. Main results found technology hardware is ranked second in terms of ethical reputation across ten sectors, behind pharmaceuticals and ahead of automobiles. Hewlett-Packard is ranked first, followed by Intel and Cisco Systems. The main trend is the development of products and services benefiting the poorest populations and the environment. Major positive issues include recycling PC's and Reducing GHG emissions. Major negative issues are worldwide restructuring plans and technology targeting Chinese dissidents. ▪

### 'Digital Dumps' Heap Hazards at Foreign Sites

http://www.washingtonpost.com

Each month, hundreds of thousands of used computers, televisions and other electronic components, about 500 container loads, arrive in Nigeria. Some are donated by people who thought they were helping satisfy the growing appetite for technology in a developing country where few can afford it. Some are from individuals or organizations that simply wanted to get rid of their obsolete equipment at the lowest cost. Either way, at least half of the used equipment that arrives in Lagos by the ton is unusable or ends up in landfills. The Basel Action Network (BAN) found that much of the junked equipment is adding to the considerable hazardous waste problems of a country that lacks facilities to handle it. "There's an amazing expertise in repair, but so much of what is coming in is worthless" said BAN's executive director, Jim Puckett. These open dumps are often in cities and in residential neighborhoods. The United Nations Environment Program estimates that 20 million to 50 million tons of electronics are discarded each year. Less than 10 percent of the discarded materials are recycled, and half or more end up overseas, much exported for inexpensive, often unsafe, and environmentally unsound recycling, primarily in China and India. ▪

### IT Sector "Ready To Boost Sustainability"

http://www.wbcsd.org/includes/getTarget.asp?type=DocDet&id=MTc5ODk

The information and communication technology (ICT) sector contributes to sustainable development but needs help from regulators to realize gains, according to a group of firms aiming to stimulate action. Launching an "ICT sustainability forum" in Brussels, Intel, HP and Sun Microsystems said after years of failing to meet expectations, technologies such as teleconferencing and computer-controlled appliance power management were mature enough to go mainstream, having huge potential to reduce transport and energy consumption. The firms called to avoid regulation that "prevents the paradigm shift" needed for wider take-up of the technologies. They want tighter green requirements in public sector procurement rules to create a momentum towards mass adoption. The new energy-using products (EuP) directive, where the commission will gradually introduce eco-design requirements for appliances, could be a vehicle for this. More stringent component re-use targets could be added to electronic waste legislation. ▪

### Profitable Multinationals as Subsidy Junkies: A Study of Incentives for Foreign Investment in India

http://www.eldis.org/cf/rdr/rdr.cfm?doc=DOC20586

This report examines incentives offered to investors in India by the central government in New Delhi as well as state governments. The report argues that incentives are handed out to international investors not because the country would loose the investment if they were not offered but because Indian states are in a negative bidding game to attract investors to their part of the country. Report highlights say incentives include concessions in the areas of labor rights, environmental protection, taxation and administrative approvals and are available in incentive packages as well as in special deals. For example, India is a very important source of foreign exchange, but also a serious drain of resources for the already heavily indebted Indian states. More investment implies more roads to be built and further power connections to be installed but no increased public revenues. Tax concessions offered in incentive packages may be meant for a 5-10 year period, but the changes to environment, labor laws, and norms can be more permanent. ▪

### GBC Launches Call Center Initiative to Confront India's Growing HIV/AIDS Crisis

http://www.businessfightsaids.org

The Global Business Coalition (GBC) launched the HIV/AIDS Call Center Initiative at iEnergizer Inc. a New Delhi- based 4,000 seat strong business process outsourcing (BPO) and call center services company. A joint initiative between GBC and the Confederation of Indian Industry (CII), the project engages representatives from the corporations most involved in BPO and responds to the rising HIV/AIDS risk in this workforce. The initiative provides at-risk employees with access to a comprehensive HIV/AIDS prevention program. GBC's work with India's growing BPO industry is supported by Prime Minister Manmohan Singh and GBC Corporate Advisory Board member Ratan N. Tata. Second only to South Africa, India's epidemic is often overshadowed by reports illuminating economic growth. ▪

### Japan to Launch Plant-Made Handset

http://english.people.com.cn/200512/14/eng20051214_228013.html

Japan-based telecommunication service provider NTT DoCoMo announced in December 2005 its plan to launch a handset made of plants within this year. According to local reports, this new handset is made from a kind of plant-turned plastic except for its LCD and buttons. The plastic is mainly extracted from corns and strengthened by ambary fiber. The handset is comparable to traditional ones in terms of fire resistance and toughness, but has half the carbon dioxide emission during its plastic production than that of chemical resin used in making traditional handsets. ▪

# VIEWPOINTS... *ON SAFETY AND SECURITY ISSUES OF FEMALE CALL CENTER EMPLOYEES*

***This section attempts to capture the candid views of call center employees on all the issues pertaining to their work environment.***

*Note: The following viewpoints reference the December 2005 rape and murder of Pratibha Srikanth Murthy, a 24-year -old Bangalore call center employee, by a cab driver. The cab driver reportedly picked up Murthy at about 2 a.m., moments before her call center's company cab arrived to take her to work. The incident has sparked much debate about the safety of female call center employees who often work nights in order to take calls from North America and Europe during their daytime.*

The safety and security of the people working in the IT sector depends largely on the individual policies of each company. The HR policy concerning the security of its workers in one organization may be completely different from that of another company. This becomes readily apparent when discussing these issues with people working in the IT sector.

Mehar, who works for Vertex, feels that there is a lot of risk involved when working late at night and then being dropped off by the company cab. According to their company policy it has been decided that all the pick-up cabs which transport their employees late night shall have a guard in the cab along with the driver. However, Mehar does not feel very comfortable with that idea because one never knows whether that guard actually belongs to the same organization. Even though the guard may have company credentials such as an identity card, there is always the possibility of a fake identity.

Because Mehar feels that it might still be very unsafe in the cab with the guard, usually a male passenger volunteers to be dropped off last so that a woman is not completely alone with the guard and the driver. However this entire process is voluntary and completely depends on the male colleague's willingness to be dropped off. Mehar says they are given the cab number so they can identify their cabs, but one has to be very careful to get into the right vehicle as there are many other company cabs roaming all over Delhi. Mehar does not appear to be very happy with the safety measures adopted by her firm regarding female employees. In regards to the unfortunate Bangalore call center incident, Mehar said that nothing has been done to further insure the safety of female employees.

For Simran, who works in Daksh, safety and security concerns are not that critical. She feels that few firms make as much effort to provide a safe working environment for the female workers as Daksh. For them, it is a HR policy that when a late night cab is driving employees, one male colleague stays behind until all his female colleagues are dropped off. At no time does the company allow a female employee to be dropped off last when working late at night. The HR policy also states that no female will be picked up first at night, but must be picked up only after a male colleague is in the vehicle. However, this rule is subject to change when the first male colleague is absent and then one of the females may be picked up first.

When Simran was asked about the cabs she said that everyday they keep changing, but the head of the company's transport department tells them which cab will drop them home. If a female has to be picked up first, the company calls her and provides all the details of the cab that will pick her up. In Daksh there is no guard present in the cab when the late night cab transports workers. Simran feels there would be pros and cons of using a guard, but she personally prefers to not have a guard. Finally Simran admits that the ugly Bangalore incident did create a stir in Daksh, which led to changes in order to protect the rights of the female colleagues.

Ishika from yet another IT firm feels that safety is a very subjective concept and that in spite of the best measures to protect their workers there might be mishaps. So while one never knows for sure, she feels that with the recent Bangalore incident things have definitely changed for the better and her firm has started taking these issues much more seriously. ▪

# SPECIAL FEATURE

## PROFILE AND ISSUES OF E-WASTE COLLECTORS IN DELHI

In July 2005 ASK-Verité completed a study entitled "Research Report on Existing and Emerging Social and Environmental Issues in the IT Sector." While the study explored various topics, one key issue brought to light was that of 'e-waste': electronic products that, due to rapid advancement of technology or depreciating utility of the products, have become obsolete and are consequently discarded. Through this discussion of e-waste, two key issues in need of further research emerged: the need for increased investment in and organization of the sector involved in e-waste recycling and the need for understanding of and calculated investment in e-waste collectors. Previous studies have thoroughly investigated the environmental impact of e-waste in terms of conventional disposal and 'backyard' recycling; these studies have also highlighted potential health hazards to those involved in e-waste collection and recycling. Although e-waste collectors play a crucial role in the collection and recycling or disposal of e-waste, little attention has been paid to their importance in the entire e-waste trade cycle. Consequently, ASK conducted a subsequent exploratory study entitled "Profile and Issues of E-waste Collectors in Delhi" with the intended outcome of outlining the flow of e-waste and exploring the e-waste collector's role within this system. The study sought to illustrate the profile of e-waste collectors by examining their socioeconomic status, the nature of their operation, the health and safety issues involved in e-waste collection and understanding the central issues surrounding their trade.

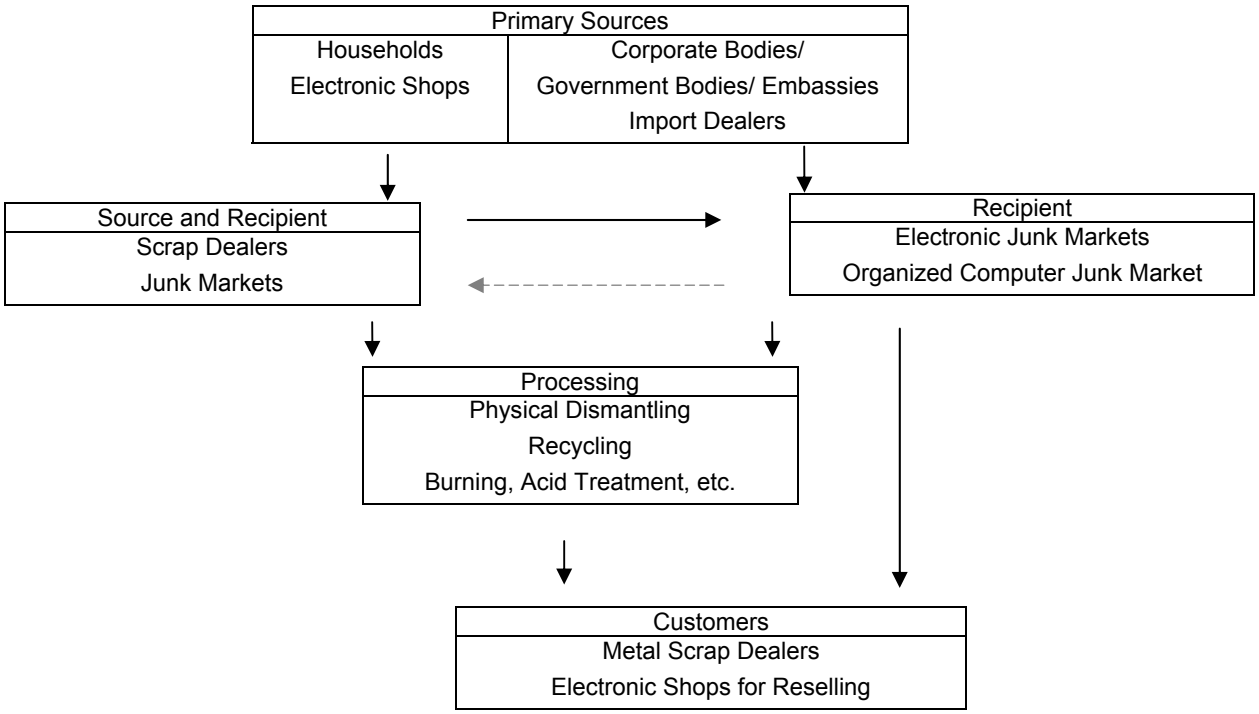
**continued on following page**

**continued from previous page**

The study was conducted in three central locations in Delhi: Old Seelampur, Turkmangate, and Mayapuri; the ASK researchers spent two days in each location. The original research method used by the ASK researchers was threefold: first, to observe the e-waste collectors' daily routine; second, to conduct interviews with individual e-waste collectors to understand their profile in terms of socioeconomics; and third, to undertake participatory exercises with small groups of e-waste collectors to understand their daily routine from a first-hand point of view. However, the researchers discovered that the second and third components of their initial methodology were met with constraints. E-waste collectors were apprehensive about interacting with the researchers. Some e-waste collectors were unwilling to disclose their "trade secrets," some feared losing a customer if they were seen with a stranger and others believed that if the researchers were to spend an entire day with them, then the researcher should be actively involved in the collection process with them. Due to these constraints, interaction within the e-waste collector community was limited which caused the research results to be somewhat narrower in scope than had been anticipated.

The first aspect of the study was to outline the flow of e-waste from source to recipient, noting that from the recipient, e-waste then goes to processing and lastly to the customer. Primary e-waste sources are places which generate e-waste, such as households and electronic shops, or on a larger scale corporate bodies, governments, embassies, and import dealers. Recipients of e-waste are places which collect the e-waste for processing, including small scale scrap dealers, junk markets, larger scale electronic junk markets and organized computer junk markets; however, e-waste is also produced by the small scale scrap dealers and junk markets, which are therefore considered to be both a source and recipient of e-waste. From the recipient, e-waste then goes to processing for physical dismantling, recycling, burning, acid treatment, etc. E-waste that can be disassembled or recycled in a reusable manner then goes to a customer such as metal scrap dealers, electronic shops for reselling, and households.

**Primary Flow of E-waste**




The e-waste collector plays a crucial role in the flow of e-waste, and collectors can be divided into two main groups: primary collectors and secondary collectors. Primary collectors are those engaged in the collection process at the most basic level and include 'rag pickers,' 'platform vendors,' and 'contract collectors.' 'Rag pickers' act independently and go to households or electronic shops searching for any kind of electronic 'scrap' which is sold to scrap dealers or 'platform vendors.' 'Platform vendors' are also primary collectors, as they collect e-waste from electronic shops directly. The 'contract collectors' are hired by the secondary collectors, who pay them in advance to collect a certain amount of e-waste. Secondary collectors, generally considered to be the initial recipients of e-waste, include scrap dealers and small scale junk markets. These secondary collectors receive the e-waste from rag pickers and platform vendors. Larger scale electronic junk markets and organized computer markets, also considered to be secondary collectors, acquire their e-waste directly from import dealers or corporate bodies, government bodies, or embassies who sell their e-waste by contract. These larger scale secondary collectors generally do not work with the primary collectors.

Primary collectors, generally referred to here as contract collectors, engage in two main types of e-waste collection. These include local collection inside Delhi and collection from other states. The contract collectors receive approximately Rs. 1,000 to Rs. 3,000 per day, paid

**continued on following page**

**continued from previous page**
in advance by the shop or scrap dealer, and thereafter set out to various locations throughout Delhi. If, at the end of the day the primary collectors have not collected the agreed upon quantity of e-waste, they are not required to repay the shop or scrap dealer but will settle the remaining account on another day. When contract collectors are hired to collect from another state they are paid in advance approximately Rs. 50,000 to Rs. 100,000 per trip, and set out for three to four months to locations including Rajastan (Jaipur), Andhrapradesh (Hydrabad), Tamilnadu (Chennai and Coimbatore), Uttar Pradesh (Lucknow), Gujarat, and Mumbai.

Primary collectors face two main issues with regards to their trade. For collectors who take part in both the local collection and collection in other states, check posts and the local police are a major source of stress. Even though these collectors are collecting 'scrap' only, they are harassed by local police and at check points. They are also generally required to pay a tax because the collectors are unable to provide bills of the product. Due to the lack of organization in the e-waste collection sector primary collectors have no union. Subsequently they have no method of recourse against secondary collectors who do not offer a fair price, and no protection from the harassment they face by the local police and at check points. The main issue for the secondary collector is the economic instability of the e-waste market.

This profile of the e-waste collectors in Delhi and the issues they face is only the first step in understanding this ever-growing and complicated sector. Further research could gather detailed information on the primary collectors' socioeconomic status, methods of operation, and pattern of payment. Additional studies are also needed to: 1) understand how primary collectors transport their products from other states; 2) outline the types and quantity of shops involved as secondary collectors in the e-waste trade; and 3) investigate the system of interaction between primary and secondary collectors. These are but a few of the numerous topics related to the e-waste trade which merit additional inquiry and analysis. ▪

## COMMUNITY INITIATIVE ... *AZIM PREMJI FOUNDATION*

***"Significantly contribute to achieving quality universal education to facilitate a just, equitable, and humane society"***

Two of the biggest disappointments with India's development have been education and health. It is disconcerting to know that there are still approximately 12 million children in the age group of 6-14 who are out of school and that only one out of three children ends up completing 10 years of education.

Education can be a great lever to start making a difference. Imagine how much easier it would be for us to address health related issues if all young people were educated. An educated population would demand better governance and far greater accountability from our politicians and bureaucrats.

The elementary education system suffers from two problems: one, availability of quality school infrastructure — i.e. classrooms, toilets, teachers, teaching-learning material, and a learning environment that is conducive to learn; and two, most children are not learning at a deeper level and schools are not able to help every child to discover and realize their potential. The latter is true not just for rural government-run schools but also for urban schools which are better resourced. The huge dropout rate is symptomatic of these problems.

At Azim Premji Foundation, a not for profit organization, we have struggled with these problems for the last five years. We at the foundation are primarily working towards improving the quality of elementary education in government-run schools through our various initiatives. One amongst them is our Computer Aided Learning Program. Through this initiative, we are making use of multi media in the form of CD based content for children as we try to make the teaching and learning process more effective. Under the initiative, we train teachers to make use of the computer as a teaching aid and guide them as to how to use the CD content to its fullest potential. Teachers' regular workshops and training courses are organized by the collaborative efforts of the government concerned and the team of foundation.

Remarkably, this initiative has received lots of success in primarily two areas. First it has been successful in retaining students in the schools and second it has helped both the teachers and students to learn in an atmosphere that is joyful, fearless, and leads to development of core competencies in children. This foundation program is successfully running in 14 states and two Union territories catering to about 13K schools and benefiting more than 1830K of children and 32K teachers.

With the assistance of the foundation, we recently started the Computer Aided Learning Program in MCD schools of Delhi. One thousand MCD schools have been covered under the program and it has been successfully benefiting almost 22 thousand additional teachers and approximately 7 lakhs (70,000) of the children in schools of Municipal Corporation of Delhi.

Our aim is to reach every child in each school and help develop competencies so that in times to come, every child can be an individual who will contribute to the growth of a society that has equal opportunity for all to grow, prosper, and develop. ▪

**Azim Premji Foundation**

# CORPORATE INSIGHT ... *HEWLETT-PACKARD COMPANY (HP)*

## HP'S APPROACH TO SUPPLY CHAIN SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN INDIA

**by Bonnie Nixon Gardiner, HP SER Global Program Manager, and Karl Daumueller, HP SER Lead Auditor**

### General introduction and information

HP established and released its Supply Chain Social and Environmental Responsibility (SER) Policy in 2002, which originally built on our own internal Human Rights and Labor Policy. When developing the HP Supplier Code of Conduct we benchmarked with the codes in the footwear, apparel and telecommunication industries. Our approach is founded on the supplier requirements stated in the HP Supplier Code of Conduct and our General Specification for the Environment (GSE), which address product environmental issues such as restrictions on materials used in HP products. The implementation of the SER policy and Supplier Code of Conduct is using a phased approach. In 2003, we introduced HP's Supplier Code of Conduct to our top 50 suppliers and required them to achieve a new set of SER expectations defined in our Code. To date, we have introduced the Code to 450 of our high-priority suppliers, addressing a total of 98% of our purchasing expenditure. Our supply chain SER program comprises five key elements including a clearly defined vision and direction supported by senior management; ongoing development and distribution of our policies and standards; conformity assessment and monitoring; corrective action planning based on continuous improvement; and internal and external reporting. Since many electronics industry companies share suppliers, an industry-wide supplier code of conduct allows companies to work more effectively with suppliers to ensure compliance. Standardizing SER tools and processes throughout the industry reduces confusion, increases efficiency, avoids duplication of supplier surveys and audit fatigue, and increases focus on the core issues. HP demonstrated its commitment by playing a significant role in the development of the Electronic Industry Code of Conduct (EICC). The Code aims to foster responsible labor, human rights, environmental, health and safety (EHS), and ethics practices across the electronics industry's global supply chain. In addition, HP also requires our suppliers to follow our General Specification for the Environment, which provides details about the materials allowed in our products.

### Assessing Conformity

The core aim of our SER program is to achieve long-term sustainable change by encouraging suppliers to create their own management systems. We have learned from industry sectors with more than a decade of experience in supply chain auditing and concluded that our programs will be strengthened when suppliers make the connection between employment standards and business profitability. Monitoring, although essential, will not alone deliver long-lasting change. Our program follows four phases, which includes awareness building, assessing, validating, and reporting in a continuous improvement cycle supported by management systems.

### Improvement Planning

HP's program is designed to create sustainable improvements in our suppliers' practices where they fall short of the code. To achieve this, we aim to build the capacity of suppliers to manage SER issues effectively. We first make the business case to our suppliers' management, backed by a commitment to effective monitoring and corrective action and a willingness to terminate the business relationship if cooperation is not forthcoming.

### Making a Business Case for SER

Suppliers often question whether they can meet HP's SER and cost requirements at the same time. We outline a clear business case to suppliers which emphasizes reduction in employee turnover, accidents and illnesses, and improvements in productivity and quality that have been observed in other industries. We also reinforce the suppliers' awareness of contractual obligations to follow laws relating to hours, wages, corruption, bribery, health and safety conditions, and environmental protection.

### Building Capacity

HP held four supplier capacity-building events, one in China, two in Mexico, and the latest one in India. In 2006, HP will assess further opportunities to work with other companies, academic institutions, governmental entities, NGOs, and training firms in India to provide SER management training directly to suppliers.

### Key opportunities and challenges from the supply chain initiatives in India

During the capacity building event, meetings with stakeholders, company visits, and the audits performed at our suppliers in India, the HP team experienced great interest in this program. HP strongly believes that communication and capacity building efforts will strengthen the awareness of the requirements at our suppliers and will lead to improvements in the areas of labor, and environmental and health and safety conditions. Assessments, validations, and continuous improvement cycles will ensure the sustainability of the program.

HP recognizes that this is the beginning of an ongoing program to fully implement our Supplier SER program with all its requirements. Our initial audits found that the areas of health and safety, emergency preparedness, solid and hazardous materials waste handling and disposal, and industrial hygiene require special focus.

# SECTOR OVERVIEW

*Verité and the Association For Stimulating Know–How (ASK) undertook a research study to understand the IT sector from the perspective of a triple bottom line, i.e. to understand the impact of this sector on social issues, including labor and community relations, and environmental issues. This research was aimed at not only identifying and understanding the key issues in the sector but also learning about the causal dynamics for the issues. The end goal was to identify pragmatic solutions towards addressing the key issues. The study extensively involved various multi-stakeholders in the process. For research purposes the ICT sector was divided into IT software services, IT enabled services, and computer electronics and e-waste. The bulletin will attempt to bring focus on different sub-sectors within IT in order to bring greater understanding of the issues.*

*The first in the series is a brief account of the general scenario of the IT hardware and computer electronics manufacturing in India.*

The Indian electronics hardware industry is poised to play a major role in the Indian economy and it has emerged as one of the fast growing segments of the Indian Industry both in terms of *production* and *exports*. The sector is quite diverse consisting of the following sub sectors namely, consumer electronics, electronics instrumentation, telecom equipments and cables, electronic components, and computer hardware. Electronic components are the building blocks of the electronics and IT industry. India has a well-developed electronic components industry primarily catering to the needs of consumer electronics, telecom, defense, and information technology businesses. The electronic component sector is represented by ELCINA (Electronic Component Industries Association), which is the oldest and largest electronics association in the country established in 1967.

The computer systems being manufactured in India comprise desktop personal computers, workstations, and servers. A very integral part of the computer market is the peripherals segment. Peripherals being manufactured in India are keyboards, monitors (both color and monochrome), dot matrix printers, line printers, disk drives, plotters, digitizers, etc. and networking products such as add-on cards, modems, etc. India's production of computer hardware has grown at an annual rate of 24 percent during the past 5 years and is estimated to be Rs 6800 crores (68 billion rupees, USD 1478 million) in 2003 – 2004.

A number of electronics component units have ISO 9000 certification. In India over 20 percent of the components manufactured such as color picture tubes, monitor tubes, hard ferrites, black and white picture tubes, electrolytic capacitors, PCBs, floppy diskettes, audio and video tapes, among others, are being exported. The growth rate of production as well as export of these components has been quite remarkable in the past few years. For example, production of the electronics components in 2003 – 2004 was estimated at Rs 7600 crores (76 billion rupees, USD 1.652 billion). Whereas, export of electronics goods from India in 2003 – 2004 registered a remarkable growth of 37.50 percent with the estimated value of Rs 7700 crore (77 billion rupees, USD 1.674 billion).

The overall production base of the Indian Electronics industry is widely distributed. There are more than 3500 units engaged in electronics production which include public sector units, the organized private sector, and the small scale sector. Units are distributed evenly across the country barring the northeastern and eastern regions. Well-developed clusters are found in and around Delhi (Okhla, NOIDA, Ghaziabad, Faridabad, Gurgaon, Chandigarh, and Jaipur), Bangalore, Hyderabad, Pune, and Mumbai. Smaller clusters are in Chennai and Ahmedabad. The areas in the country where hardware manufacturing and integration happen are NOIDA (New Okhla Industrial Development Area) and Gurgaon industrial areas (periphery of Delhi), Bangalore and Chennai, Pondicherry in the south, and Mumbai in west.

Computer hardware manufacturing in India has been restricted to assembling of imported components. Today in India, the hardware sector primarily assembles computers and peripherals with imported components using an indigenous skilled, technical labor force. While growing volumes of PCs will make manufacturing an attractive proposition for India, the problems encountered are numerous. Logistics and the tax structure seem to be the main barriers with others including transport strikes, port closures, ships not getting berth to dock, sales tax changes, and import tariff structure. Since importing is cheaper, there is no business sense in manufacturing in India. The average turn-around time in the industry is much higher compared to its counterparts in Taiwan, Malaysia, and Philippines.

Research in India has revealed a lack of awareness of the EICC (Electronic Industry Code of Conduct) among even top industry officials. This is unsettling considering the amount of positive media attention garnered by the industry in the US and Europe as a result of the EICC. It points to the need for concerted efforts to implement the code and build awareness where it counts: in the manufacturing countries.

Assembly of IT-related electronics products is dangerous work in India, involving the use of hazardous chemicals. Workers are regularly exposed to dangerous substances such as lead, cadmium, mercury, chromium, barium, and beryllium. Added to this are workplace hazards such as inhalation of smoke from soldering and metal dust, danger of electric shock, burns, and exposure to excessive noise. In such working environments, awareness of proper health and safety precautions is critical, as is the provision and proper use of personal protective equipment. However, lack of inspection and a weak regulatory environment in India have resulted in a poor health and safety record in the computer hardware industry.

In addition to health and safety concerns, there are labor issues in this sector such as the lack of regulation of worker rights at the worksite. Findings from primary and secondary data sources indicate labor law violations including widespread payment of sub minimum wages, non-payment of overtime compensation and short production deadlines leading to seven-day work weeks. A 2004 study found that 90% of workers in IT electronics manufacturing in multinational companies were working ten to eleven hours per day with one day off

**continued on following page**

**continued from previous page**

every four to six weeks. The study also found that over 60% of hardware manufacturing workers were not receiving the legal minimum wage. A common method employed by multinationals to avoid paying the legal minimum wage is to maintain a large proportion of "trainees" and contract laborers. The use of contract labor is even more pronounced in smaller firms. Employees fear instant termination if they complain about working conditions or wage payment violations due to the temporary nature of their employment. In this way, employers can use casual labor for years without paying appropriate wages or benefits.

Although women's participation in the labor force has increased through time, their participation in computer hardware manufacturing is limited to low-end assembly. There is a growing gap between men's and women's earnings, particularly at the high end of the wage scale. In addition, falsification of age certificates is commonplace, and there are many cases of child labor, particularly in smaller assembly units. ▪

# EVENTS

## HP CONFERENCE, BANGALORE

On December 13, 2005, more than 50 supplier participants filled a Bangalore hotel conference room for a full afternoon of lectures and discussions on HP's Supplier Code of Conduct, GSE and EICC expectations, and assessment and auditing details. Through this event, the HP Team with Bonnie Nixon Gardiner, SER Global Program Manager, Karl Daumueller, SER Lead Auditor, and Pradeep Kumar, EHS specialist, taught suppliers a systematic process they could use to sustain change on their own. The events promoted understanding of HP's objectives and expectations and suppliers were encouraged to propose ideas and share best practices. Dr. Aqueel Khan, Director of the Association For Stimulating Know How (ASK), based in Gurgaon and Dr. Bobby Joseph, MD DNB and Associate Professor of the Community Health, Division of Work Environment of St. John's Medical College in Bangalore, supplemented the event and informed the audience about local support possibilities and experiences in the area of SER in India. More than 90 percent of the participants stated that they thought the event was excellent, achieved all their objectives, and suggested having similar events. In 2006, HP will assess further opportunities to work with other companies, academic institutions, governmental entities, NGOs, and training firms in India to provide SER management training directly to suppliers. ▪

## CSM ANNUAL CONFERENCE ON CORPORATE CITIZENSHIP

The Center for Social Markets' 5th Annual Conference on Corporate Citizenship themed "Offshoring: The New Development Paradigm?" was the first of its type linking the offshoring agenda with broader CSR issues in India. Organized in New Delhi on December 16-17, 2005, the conference explored some of the key issues raised by offshoring from both developed and developing country perspectives with particular relevance to key themes such as responsible competitiveness, global standards, jobs, development, and global solidarity.

### RELEVANCE FOR INDIA

The issues raised by offshoring are many and complex. At their base, they raise questions about business, society, the social contract, and responsible competitiveness. Such issues are far from academic for India – a country that has made offshoring into a virtual economic development paradigm.

### CONFERENCE OBJECTIVES

The conference explored the following sets of issues with a view to bridging knowledge gaps, engendering a better informed public debate, and ultimately more responsive policy making:

- Emerging evidence base regarding winners and losers in this fast-moving arena.
- Views from the home- and host-countries, and implications for global solidarity.
- Low wages and low standards—How can concerns regarding workers' rights, and social and environmental issues be addressed by responsible companies, unions, and other stakeholders?
- Implications of outsourcing/ offshoring for responsible competitiveness, innovation, and job growth.
- Implications for public policy, in particular the creation of social safety nets, health care systems, and pension provisions.
- How will demographic trends and migration trends influence and be influenced by offshoring practices?

### PROCEEDINGS

Concerns were raised over workers being trapped in low paying jobs, juxtaposing domestic job loss with foreign exploitation and sweatshops, and lack of transparency in ensuring fairness for workers. Business leaders acknowledged facing these ethical challenges. Broad characteristics of sustainable offshoring were also identified and discussed in the conference.

The key home-country concerns on offshoring, such as information security and data protection/privacy, handling job losses, managing the cultural divide, quality of workforce, employee welfare, and adhering to legal requirements were raised and reactions discussed.

**continued on following page**

## ORGANIZATIONAL BEHAVIOR TALK V-CUSTOMER, DELHI

New VC Labs, a software development subsidiary of V-Customer, invited the ASK team to make a presentation on organizational behavior. As a part of their knowledge-sharing culture, New VC Labs frequently organizes knowledge-sharing sessions. In these sessions, specialists from different fields are invited to make presentations on various subjects.

ASK's presentation was structured to be a participatory and experiential learning presentation.

**Understanding Organizational Behavior**

The first section was a group discussion focused on understanding organizational behavior. Participants were asked to express their initial impressions of organizational behavior. The responses of the participants were related to the definition of organizational behavior: understanding, predicting, and managing human behavior in an organization.

**Elements and Conceptual Framework of Organizational Behavior**

The participants then engaged in a discussion of the elements of organizational behavior. The objectives of the section were twofold: first, to foster participants understanding of organizational behavior in relation to their organization; and second, to understand and illustrate the importance of organizational behavior as a management style.

Upon completion of the first two sections of the presentation, participants completed the Hackman-Oldham Job Diagnostic survey, with the goal of giving participants firsthand knowledge of the application of organizational behavior. The results of the surveys were calculated, and the session concluded with a group discussion and session evaluation by the participants. ▪

**continued from previous page**

It was acknowledged that large Indian companies in the offshoring sector have reacted to some of the CSR issues by providing compensation-based benefits, medical benefits, staff welfare, rewards and recognition, recreational facilities, opportunities for long distance learning programs, conforming to GS13 and GS18 global standards, contribution to central and state governments' relief funds, and employing physically handicapped persons.

Expansion of knowledge-based industries (KBIs) in India needs to be seen in proper policy perspective. With rising awareness about economic potential of "knowledge," it becomes imperative to set exchange formats for its interaction with more tangible capital. The crucial issue for developing countries is achieving the right balance between protecting copyrights and ensuring adequate access to knowledge and knowledge-based products. These issues need to be addressed to ensure developing countries have access to important knowledge-based products as they seek to bring education to all, facilitate research, improve competitiveness, protect their cultural expressions, and reduce poverty.

Defining parameters and resolving issues for each segment of the ITES sector is necessary. These include tax structures, international standards in telecom infrastructure, copyrights with respect to the World Intellectual Property Organization and WTO, right to information, and data protection.

IT companies are increasingly in the spotlight for labor issues therefore verification mechanisms must be in place in order to ensure its supply and disposal chain risks are managed effectively. The labor standards in the Indian IT industry, which have been regarded as worker-friendly, have come under considerable pressure. In a study commissioned by the US Department of Labor and implemented by ASK/Verité it was concluded that stress, long hours of work, gender-biased policies, child labor in e-waste, excessive night shifts, and incomplete human resource policies are all eroding labor standards. The most conspicuous violation of labor standards was a lack of social dialogue and trade union representation in these companies.

The conference panelists called for an industry-wide CSR policy addressing labor rights, and social and environmental issues at the workplace. They asked the industry to adopt more transparent and sound human resource practices with clear grievance procedures, and address gender issues to sustain and enhance women's participation in the sector.

In order to make the outsourcing/offshoring sector more responsible, the Indian government needs to develop a national industry competitiveness strategy that attracts investment based on higher social and environmental standards. Resources need to be fed in to build general social awareness of the importance of social and environmental responsibility in the sector, and rigorously enforce labor and environmental laws.

In order to spread the benefits across geographic areas, infrastructure (power, telecom, transportation) to Tier II and III cities and large towns needs to be improved. The industry should take advantage of regional purchasing power variations and establish a springboard for leveraging global offshoring opportunities. The government should also make cross-border movement of personnel easier, possibly by linking this to greater market access for the developed countries. ▪

**Center for Social Markets**

# DEBATE

## CSR IN THE ICT SECTOR: MYTH OR REALITY

Corporate Social Responsibility (CSR) as a philosophy and practice is not a new concept within India. Combining profit-making and profit-sharing, business practices founded on ethics, and a commitment towards community have been longstanding characteristics of the business world, although not necessarily practiced consistently. Originally considered an extraneous practice, the role of CSR has evolved considerably, and is considered by some to be a well-integrated component of business practice. For many, CSR is still perceived as a philanthropic practice, but gradually perceptions of CSR as more than an aspect of the philosophy of business are gaining prevalence. CSR has been considered to be a dichotomy of the interests of stakeholders, including workers, and the interests of the for-profit business. However, CSR can be an effective business strategy, in which all stakeholders share a common goal of achieving working conditions that are safe, secure, and legal, while being simultaneously profitable.

With the recent economic development in India, traditional sectors are becoming more diversified. For example, the ICT sector is now commonly divided into the following groups: IT software, ITES (IT enabled services), manufacturing and hardware, and e-waste. The nature of diversity in this one sector requires a careful examination of the scope for CSR as a philosophy, strategy, and methodology for better business practices. The immense possibilities of the ICT sector, and the engagement of stakeholders at various levels, reinforce the importance of CSR and CSR awareness in this sector. CSR should not be viewed as a philanthropic practice within the ICT sector, but rather as an evolving process suited to the nature of business within this sector. For example, there is a direct correlation between best HR practices and a low attrition rate in call centers. CSR in relation to policies and practices in the electronic hardware and manufacturing sector has a serious impact on a large segment of unorganized workforce employed within this sector. Similarly, e-waste management, and the businesses assuming some of the responsibility to remediate current practices, falls under the realm of CSR in the ICT sector. The ways in which CSR is being integrated into the ICT sector vary because the issues and needs within this sector are so dynamic. CSR not only pertains to what the corporations do and how, but also pertains to the development of relationships between stakeholders. The future of CSR in the ICT sector will be largely based upon how the sector itself develops. ▪

**ASK**